

~~TOP SECRET~~

THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

Office of Legislative Counsel

[Redacted]

Copy 1 of 6

25X1

24 April 1978

Honorable John C. Stennis, Chairman
Committee on Armed Services
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

Enclosed is a copy of the 1977 Annual Report on the Intelligence Community which has been issued by the Director of Central Intelligence. The purpose of the report is to set forth an account of the Director's stewardship of the Intelligence Community for the period concerned and to record his observations relating to the tasks and challenges, problems and achievements, and budget thrust associated with the National Foreign Intelligence Program.

This information is being furnished to you in light of your Committee's continuing responsibilities for portions of the intelligence program. A Secret version of this report will also be published and will be made available to you in the very near future.

Sincerely,

[Redacted Signature]

Acting Legislative Counsel

25X1

25X1

[Redacted]

(Copy 2)

DOWNGRADED TO UNCLASSIFIED
WHEN SEPARATED FROM ENCLOSURE

25X1

25X1

[Redacted]

~~TOP SECRET~~

[Redacted]

TRANSMITTAL AND DOCUMENT RECEIPT

28 APR 1978

TO: Honorable John C. Stennis, Chm
Committee on Armed Services
United States Senate
212 Russell Senate Office Building

FROM: Office of Legislative Counsel
Central Intelligence Agency
Room 7 D 35
Washington, D.C. 20505

THE DOCUMENTS LISTED HEREON ARE FORWARDED FOR:

INFORMATION	ACTION	RETENTION	LOAN
CONTROL NUMBER	DOC. DATE	SUBJECT (Unclassified preferred)	CLASS.
25X1	24 Apr 78 Jan 78	Ltr from DCI to Chm Stennis(SASC) forwarding cy of 1977 Annual Report on the Intelligence Community Report on the Intelligence Community	25X1

RECEIPT

SIGNATURE (acknowledging receipt of above documents)

DATE OF RECEIPT

RETURN TO

OFFICE OF LEGISLATIVE COUNSEL
CENTRAL INTELLIGENCE AGENCY
ROOM 7 D 35
WASHINGTON, D.C. 20505

25X1

Approved For Release 2004/05/21 : CIA-RDP81M00980R003200100052-9

Next 1 Page(s) In Document Exempt

Approved For Release 2004/05/21 : CIA-RDP81M00980R003200100052-9

TOP SECRET

2

Report on the Intelligence Community

by the Director of Central Intelligence

January 1978

25X1

TOP SECRET

25X1

25X1

Approved For Release 2004/05/21 : CIA-RDP81M00980R003200100052-9

Approved For Release 2004/05/21 : CIA-RDP81M00980R003200100052-9

25X1

ADDENDUM TO

Page 9, column 3, paragraph 1, delete the last sentence.

The following substitution constitutes a new paragraph:

The Deputy Director of Central Intelligence will assist me in the performance of both my Intelligence Community and CIA roles. In addition to managing the day-to-day activities of the Agency as he did last year, the DDCI will act as my deputy in my capacity as head of the Community and intelligence advisor to the President.

25X1

1978
DIRECTOR OF CENTRAL INTELLIGENCE
REPORT ON
THE INTELLIGENCE COMMUNITY

Stansfield Turner
Director of Central Intelligence

Prepared by the Intelligence Community Staff
for the Director of Central Intelligence

TOP SECRET

25X1

25X1

Contents

	Page		Page
I. PHILOSOPHY, OUTLOOK AND OBJECTIVES	1	Operations	25
Purpose of the Report	1		28
The Role of the DCI	2		28
Objectives	4		28
Measures of Merit	4		29
Ethics and Intelligence	4		31
			31
II. ORGANIZATION, MANAGEMENT, PLANNING AND OPERATIONS	7		33
Chapter Summary	7		36
Organization and Functions	8		38
Organizational Studies and Mechanisms	8		39
The National Security Council Role	11	III. ANALYSIS AND PRODUCTION: SELECTED ISSUES	41
Department of Defense Reorganization for Intelligence	11	Chapter Summary	41
Department of Energy Intelligence Activities	12	Intelligence Product Improvement	41
Treasury Department Intelligence Activities	13	The Quality of Intelligence	41
Planning Activities	14	Quality of Analysis	42
Intelligence Community Planning System	14	Product Evaluation and Improvement	43
Responding to Consumer Needs	15	Intelligence Estimates	43
National Foreign Intelligence Plan for Human Resources	16	Founding of the National Foreign Assessment Center	43
Long-Range Forecasting for Intelligence	16	Center for the Study of Intelligence	44
Research, Development and Engineering	19	Interdisciplinary Analysis	44
Management Aspects	21	Central Intelligence Agency	44
ADP in the Community	21	Department of State	48
Intelligence Definitions	24	Defense Intelligence Agency	48
NFIP Procurement Policy	25	The Cumulative Impact	49
			49
			51

TOP SECRET

TOP SECRET

	Page
	51
	51
	52
	52
	53
	55
IV. SECURITY AND COUNTERINTELLIGENCE	57
Chapter Summary	57
Security	57
Classification Standards	57
Clearance Standards	57
Industrial Security	58
Sanctions	58
Computer Security	58
Counterintelligence	58
Direction	58
Context	59
Response	60
New Executive Order	61
V. LEGALITY AND PROPRIETY OF INTELLIGENCE ACTIVITIES	63
Chapter Summary	63
Oversight	63
The Intelligence Oversight Board	63
Senate and House Intelligence Committees	64
NSC Special Coordination Committee	64
Department of Justice	64
Strengthened Inspector General Activities	64

	Page
Foreign Intelligence Surveillance	65
Other Significant Pending Legislation	65
Litigation	65
VI. PUBLIC PERCEPTIONS AND ATTITUDES	67
Chapter Summary	67
The Outreach Program	67
Provision of Unclassified Intelligence to the Public	67
Relations with the Academic Community	68
VII. THE INTELLIGENCE BUDGET	71
Chapter Summary	71
Budget Overview	72
The Approach	72
The Process	73
Resource Distribution	74
The Budget Thrust	78
The NFIP Resource Distribution Summary ..	78
General	78
Collection	78
Analysis and Production	81
Intelligence-Related Activities	81
Research and Development	82
Conclusions	82
ANNEX A: CIRIS DATA	83
ANNEX B: GLOSSARY OF ACRONYMS AND ABBREVIATIONS ...	85

25X1

I. PHILOSOPHY, OUTLOOK AND OBJECTIVES

Purpose of the Report

This report is an account of stewardship to the President, the Congress, and the Intelligence Community. My purpose is to record my observations concerning the tasks which confront the United States foreign intelligence enterprise; the philosophical and strategic guidelines which should underpin our activities; and the Community's principal accomplishments, problems and prospects during the past year.

Enhancing the sense of community among the elements of the Intelligence Community is a central purpose of this report. I am convinced that our successful performance depends on understanding our common purpose, our unique needs and capabilities, and the mechanisms and procedures which enable us to harmonize our efforts and reinforce one another.

In this report I treat selected aspects of intelligence, highlighting particular features which seem to be most important and interesting. Succeeding reports will emphasize other aspects so that, over time, the set of annual reports will comprise a contemporary history of our evolving intelligence effort.

This report emphasizes the potential impact resulting from reorganization and redefinition of responsibilities in the Community.

from information handling in the Community; from long-range forecasting; and from the

Note: Secret version of the Report is also being published.

TOP SECRET

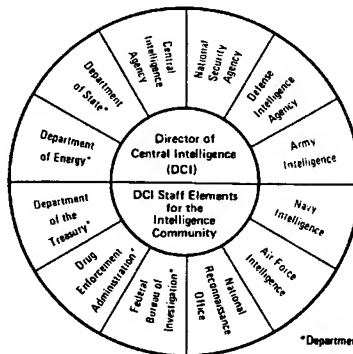
state of the art in interdisciplinary analysis.

The Intelligence Community is unique in our Government. Not only is it composed of many elements having their primary institutional homes in various departments and agencies of the Executive Branch, but it comprises elements which differ significantly. Element size ranges

dollar assets managed by members of the Community also vary widely. Mission diversity ranges

What binds these diverse elements together and makes them a viable community is their common purpose: to provide the best possible intelligence to national leaders. The mechanisms

The Intelligence Community



and procedures for enhancing community performance have been improved and strengthened during the past year. It is reflected in the NSC Policy Review Committee which institutionalizes the consumer's role in defining and prioritizing substantive intelligence requirements. It is reflected in the National Foreign Assessment Center which improves the managerial arrangements for the production of national intelligence. It is embodied in the planned National Intelligence Tasking Center, designed to make the most efficient and effective use of our multiple collection means and opportunities. It is at the heart of the Director of Central Intelligence's control over the National Foreign Intelligence Program which will ensure the best use of scarce resources and the timely development of future capabilities. And it finds important expression in the expanded role of the National Foreign Intelligence Board, a "corporate board of advisors" now charged with advising the DCI on both budgetary and substantive intelligence matters. []

This report deals with these matters, with problems and with new and different challenges which appear on the horizon. I believe that genuine progress has been made over the past year, progress that has not just enhanced our ability to do our job in the present, but which has also given us momentum and a heightened sense of community which will help us deal with the tasks ahead. []

Stability seems to me an essential factor in the success of any complex and demanding enterprise. Yet the eleven member, three observer, National Foreign Intelligence Board that existed at the end of the year 1977 experienced seven personnel changes during 1976 and thirteen such changes in 1977. It had four different chairmen and two different vice-

chairmen during the two years. The average elapsed time during this period when the NFIB worked together without some change in its membership was less than three months. []

Many of the changes of the past have been unavoidable. But with the advent of a new Administration, the issuance of Executive Order 12036, and the appointment of the senior officials who will assist in directing the enterprise, I am optimistic that in the year ahead we will have greater stability than has characterized the Community over the past several years. I look forward to a very

beneficial period of productive effort with a team working together constructively. []

The Role of the DCI

The specific responsibilities which the President has assigned me as Director of Central Intelligence, ranging from national intelligence production through national foreign intelligence budget approval and direction of collection tasking to chairing the NSC Policy Review Committee when it defines and prioritizes substantive intelligence requirements, are addressed in detail. I have also viewed it as an

25X1
25X1

25X1



President Carter escorted by Admiral Turner at CIA Headquarters. The President attended the swearing-in ceremony for the DCI and addressed an Intelligence Community audience on 9 March 1977.

on Intelligence his view that "the intelligence agencies of the United States are now functioning under strict guidelines set forth by the President and the National Security Council, which lay out clear missions, limitations and accountability, as well as rigorous oversight by both the House and the Senate." As I told the Council on Foreign Relations last autumn, I am persuaded that the intelligence apparatus of our country cannot serve that country well unless it understands and is in tune with the attitudes, the values, the morals, and the ethics of the people of this country. I believe we have made progress in meeting that test and will ensure that we continue to do so. []

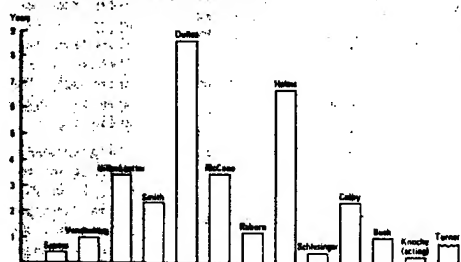
Another general concern has permeated my thinking about the role of the DCI. For years the complaint has been heard that intelligence officers talk only to one another and give too little consideration to what the users really need. The problem is far more complex than that, but we have nevertheless worked hard to overcome that perception and have taken every

essential part of my role to foster greater confidence in our intelligence agencies on the part of the public, the Congress, and the Executive Branch, and to restore to our capable and valuable professionals a sense of being appreciated. []

During my swearing in as Director of Central Intelligence, President Carter told an audience of Intelligence Community representatives, "I'm part of your effort, and you're part of mine." I believe the Community is operating in a way which reflects its awareness of the importance of that responsibility, and is determined to measure up. []

I was most gratified to read in Senator Inouye's report on the Senate Select Committee

DCI Periods of Service, 1946-1978



TOP SECRET

25X1 opportunity to consult with the users of intelligence and to respond to their needs. Some new mechanisms which relate directly to this concern are discussed in detail. []

25X1 Only days after I became DCI, Dr. John S. Foster, former long-time Director of Defense Research and Engineering, reminded a Community audience at Langley that "understanding the customer's problem can't be done by some mail slot operation—you've got to walk downtown." During the past year we have walked downtown. We are going to keep on doing so. []

Objectives

Meeting with the members of the National Foreign Intelligence Board early in my tenure, I laid down six objectives for the Intelligence Community. My experience to date confirms my view that these are valid and attainable. They are to:

- deliver an objective product which takes into account all of the Community's resources;
- offer the product to more consumers, including Congress, the Cabinet, and the public;
- be prepared to develop integrated collection strategies for any contingency;
- evaluate what the Community will be facing and should be producing ten years from now;
- determine what collection systems the Community will need ten years from now to support that production; and
- strengthen the position of the Intelligence Community with the public by allaying

their residual distrust and increasing their knowledge of the importance of intelligence. []

Measures of Merit

The purpose of the United States' national foreign intelligence effort is to provide U.S. policymakers the intelligence they need to make informed decisions. The measures of merit for this intelligence are accuracy, timeliness, completeness, utility, affordability, and accountability. []

This complex of parameters applies in different ways depending on the customer, the nature of the intelligence product, and the external environment. Given the resource-constrained environment in which we now operate, not all intelligence requirements can be completely satisfied. It is necessary to establish priorities among the kinds of intelligence sought, and the needs which are served. []

Each of the measures of merit also represents a continuum, so that intelligence may, for example, be judged more or less complete, rather than complete or not complete. The factors interact in a complex way, so that completeness might have to be traded off for timeliness in a given case, or timeliness for affordability. The relative importance of the intelligence sought and of the consumer being served help to guide these trade-offs. []

A great deal of professional judgment goes into assessing the trade-offs which should be made in satisfying the various criteria. This involves the professional judgment of the consumer as well as the Intelligence Community. While we attempt to introduce as much rigor as possible into the system, we also recognize that intelligence is an art as well as a science. []

Ethics and Intelligence

Some would argue that "ethics and intelligence" are contradictory terms. Most of us are familiar with the attitude toward intelligence involved in the famous dictum that "gentlemen don't read other people's mail." However workable that may once have been as an approach to international affairs, it is clear that today such a position would be perilous. Intelligence is indispensable not only to the nation's well-being, but also as a strong force for peace, an important restraint on violence, and an essential tool in war. All of these attributes make the business of intelligence eminently ethical. []

Given the global involvement of the United States, there is virtually nothing going on in the world which is not of some interest to policymakers. Much of the information they depend upon is readily obtained and requires no special intelligence collection effort. But other information must be the object of purposeful efforts to learn what is happening in the world, how that affects the interests of the United States, and what means of influencing events may be open to our leaders. []

Traditionally the military dimension of intelligence has dominated our concerns. Maintaining a balance of forces, so that no hostile power is tempted to seek to resolve by force the disputes which inevitably arise in international affairs, has been one of our principal concerns, and one which relies heavily on accurate and timely intelligence. []

U.S. policy has sought to lessen the possibility of conflict and, should conflict occur, to restrict it and to bring about its termination as rapidly and as favorably for the United States as possible. []

25X1 Strategic arms limitations have been one of the primary means by which the U.S. has sought to restrain the incidence and impact of war. Agreements which are to be stabilizing, and which we can enter into without fear of treachery, must be verifiable. [redacted]

intelligence. Clearly a government which lacked intelligence on matters such as these would be severely disabled. If the United States aspires to be an influence for beneficial change, for freedom and human dignity, and for shared hope and prosperity in the world, it must be informed. [redacted]

25X1 When there are clearcut and unambiguous choices between right and wrong, there are no ethical dilemmas. Ethical crises occur when there are values in conflict. When determination of the right is clouded by values in conflict, by uncertainties as to the implications and consequences of our acts, and by the human imperfections which afflict us all, we must summon all our wisdom, our good will and our sincerity in determining what course to follow. This is what we do in the pursuit of intelligence, and it is why I have said that there are limits to what we are willing to countenance in the endeavor. Very careful safeguards of the legal rights of our citizens, restrictions on the means which may be employed, review and certification at the highest governmental levels of

sensitive proposed operations, and strengthened oversight mechanisms in the Executive Branch and the Congress are all part of our efforts to establish a floor of decency about which I have spoken. [redacted]

25X1 The question of the ethical implications of intelligence must be resolved in the context of the alternatives which confront us. It is in many ways a difficult, dark and dangerous world. The survival and prosperity of liberty are by no means assured. In such a world knowledge is essential to the security of the United States. Moreover, it is just as important to the successful pursuit of a world which is more characterized by freedom, dignity and prosperity than that we know today. Given these aspirations, and the careful safeguards we have imposed on our intelligence operations, the ethical imperative is to perform the intelligence function as efficiently and effectively as possible, and with decency. I am convinced that we can attribute to our intelligence operations a world which is more peaceful and more secure than it would otherwise have been. I view that as an ethically sound and desirable outcome. [redacted]

25X1 The nature of the world today and the multitude of factors which affect the well-being of nations have made other types of intelligence as important in many ways as our traditional concern for military intelligence. The long-term implications of world population, the production and distribution of food, energy resources, narcotics traffic, international terrorism, the trade in conventional weapons, and nuclear proliferation pose urgent requirements for

TOP SECRET

5

II. ORGANIZATION, MANAGEMENT, PLANNING AND OPERATIONS

Chapter Summary

Presidential Review Memorandum NSC-11 directed a thorough analysis of the organization and functioning of the Intelligence Community, resulting in Presidential Directive/NSC-17 and subsequently Executive Order 12036, which assigned full and exclusive authority for approval of the National Foreign Intelligence Program budget to the DCI, designated him chairman of the new Policy Review Committee (Intelligence), and established a National Intelligence Tasking Center (NITC). To complement these changes a National Foreign Assessment Center was organized, the NFIB membership and mission were changed, and a Planning Board was set up as an interim means of coordinating collection efforts.

25X1

25X1

25X1

25X1

Organization and Functions

Organizational Studies and Mechanisms

Presidential Review Memorandum/NSC-11. Shortly after assuming office President Carter directed a thorough review of the organization and functioning of the Intelligence Community.

That review, set in motion by Presidential Review Memorandum/NSC-11 dated 22 February 1977, continued throughout the spring and on into mid-summer. The entire Community took part, as did the Attorney General on issues relating to protection of the rights of American citizens. There were many long-standing problems related to our intelligence enterprise; in its evolution, its mission had changed, so that in many ways it was quite different from the original concept of three decades earlier. These problems were analyzed and debated perhaps more thoroughly than ever before.

Presidential Directive/NSC-17. The study resulted in recommendations to the President; his decisions were embodied in Presidential

Directive/NSC-17, issued on 4 August 1977. The chief points of that directive, which are discussed in greater detail later in this report, are these:

- DCI was assigned full and exclusive authority for approval of the National Foreign Intelligence Program (NFIP) budget prior to its submission through normal channels to the President.
- DCI was designated chairman of the Policy Review Committee (Intelligence) of the National Security Council, which was charged as representative of the senior users of intelligence to define and prioritize substantive intelligence requirements and

to evaluate how well intelligence products respond to national needs.

- DCI was instructed to establish and direct a National Intelligence Tasking Center (NITC) that would apply the various collection means to specific targets to develop the information needed for analysts to respond to national intelligence requirements. []

National Foreign Assessment Center. To complement the foregoing measures, the National Intelligence Officers and the production elements of CIA's Directorate of Intelligence were both placed under the management of my Deputy for National Intelligence to form the National Foreign Assessment Center. The closer association of these elements, and their new managerial arrangements, are expected to result in more efficient production of a higher quality national intelligence. It is important to recognize that, throughout the study and reorganization period, all parties agreed that maintaining strong competing centers of analysis was an important principle of our intelligence operations. []

National Foreign Intelligence Board. The NFIB, which serves me as a kind of corporate board of advisors, changed both its membership and its mission during the year. While continuing to advise the DCI on substantive intelligence matters, the Board also was charged with providing advice on the intelligence budget, a role which complements the DCI's new responsibility for approval of that budget. A Department of Defense representative from the office of the Under Secretary for Policy joined the Board, which is otherwise composed of the operating heads of the various elements comprising the Intelligence Community. I look to

the NFIB to play an increasingly important role in anticipating and resolving both managerial and operational problems, and I view it as a primary means of promoting among the various elements it represents a greater sense of community and shared purpose. []

Planning Board. Early in my tenure it became apparent that we needed a mechanism to better coordinate our collection efforts with regard to specific intelligence requirements. Initially we did some of this on an ad hoc basis, using the NFIB augmented by chairmen of the DCI collection committees (those dealing with imagery, signals intelligence, and human resource collection). This informal arrangement, which we referred to as the Planning Board, was extremely helpful in formulating collection strategies and assessing the adequacy and effectiveness of our collection efforts in specific cases. This capability is now being institutionalized in the new organization of my Deputy for Collection Tasking, discussed below, and the interim measure of the Planning Board is no longer required. []

Restructuring the DCI Staff. I am mindful of the separate but complementary aspects of my dual roles as leader of the Intelligence Community and operating head of the Central Intelligence Agency. To enhance my ability to perform both roles in the most compatible way, I have taken several steps which affect the organization of the staffs which assist me in each capacity. As I pointed out earlier, the CIA's Directorate of Intelligence has merged with the National Intelligence Officers to form the National Foreign Assessment Center under the Deputy to the DCI for National Intelligence. This gives me one primary place to turn to on matters of analysis and production, whether in my role as head of the Community, as the

President's intelligence advisor, or as Director of CIA. []

I have appointed a new Deputy for Collection Tasking, who will be my primary point of contact for matters relating to collection. The Deputy to the DCI for the Intelligence Community provides my primary staff support in a wide range of matters relating to resource management, budget, evaluation, and policy and planning. And the Deputy Director of Central Intelligence assists me by managing the day-to-day activities of the Central Intelligence Agency. []

I can now turn for assistance to a small number of deputies with clearly differentiated functional responsibilities. They, in turn, have an appropriately Communitywide perspective on the matters with which they deal. The result is a more responsive and effective organization, which is most important in terms of better service to our customers. []

Within the Central Intelligence Agency, I have authorized augmentation of the Inspector General's operation. The concern for the legality and propriety of our operations which this office reflects will help us all in rebuilding the essential confidence and support of those we serve. []

Reduction and Restructuring in the CIA Directorate of Operations. The necessary adjustments in the Directorate of Operations have occasioned a great deal of comment, both publicly and within the Community, and I want to be certain that the intent and expected results are clearly understood. Reorganization of the Directorate of Operations has been under way for some time. The first phase resulted in reorganization of the senior staffs in 1976. The second phase, implemented on

TOP SECRET

9

25X1

25X1

25X1

25X1

25X1

[REDACTED]

who produce the results. There is, however, a need to realign positions overall to be certain that we do not have more senior officer and staff positions than are required for good management. Clandestine collection is in many ways becoming increasingly important. I am convinced that the result of all this will be a stronger and more effective clandestine capability. [REDACTED]

The Intelligence Community Staff. In early May the Intelligence Community Staff moved to separate facilities [REDACTED]

[REDACTED] The IC Staff played a key role in formulation of the first intelligence budget [REDACTED] and under the new responsibilities of the DCI for approving it, in the studies of intelligence organization and functions which led to the Presidential directive and the new Executive Order, in development of improved planning and operational documents responsive to consumer determination of intelligence requirements and priorities. [REDACTED]

[REDACTED] and many other aspects of our corporate responsibilities. I am convinced that, as more and more professionals from throughout the Community have an opportunity for service on the IC Staff and then return to their parent organizations, our understanding of one another and resultant overall effectiveness are going to be much improved. [REDACTED]

The DCI Committees. These committees, with their varying interests and varying memberships, play a most important and too little appreciated role in the affairs of the Intelligence Community. Every element of the Community has a voice on these committees, and the many contacts which take place at the working level over the course of the year are extremely

25X1 1 November 1977, restructures the area divisions, stressing simplification and standardization. [REDACTED]

25X1 of structure. We are also looking into advanced methods of automatic retrieval of records in order to reduce the ever-increasing paper-handling requirements [REDACTED] have been suffering for many years. [REDACTED]

25X1 It is most important to understand that no significant reduction in operations officer positions is planned. Operations officers form the cutting edge of the clandestine service; it is they

important to keeping everyone informed and working toward common objectives. The key role played by many committees is reflected throughout this report, from development of innovative procedures for utilizing reconnaissance capabilities to preparation of new standards for security classification and review.

Future Organizational Changes. The history of the Intelligence Community has been one of evolution and change. Undoubtedly, there will be continuing change in the future. Evolution of such new mechanisms as the National Intelligence Tasking Center could have later organizational implications. Changes in constituent elements of the Community could have an effect. The President could determine at some future point to propose changes under the Reorganization Act.

While it is not possible at this writing to foresee the outcome of these various factors, or their impact on the organization and functioning of the Community and its components, I shall endeavor to ensure that such change as there may be will follow only after careful discussion and consideration by all whose interests are involved, and that it will be carefully implemented so as not to interfere with the effectiveness of ongoing intelligence activities.

The National Security Council Role

The Policy Review Committee (Intelligence). Presidential Directive/NSC-17 gave the PRC(I) a very significant new responsibility—the defining and prioritizing of substantive national intelligence requirements. Thus the most senior consumers of intelligence are formally charged with establishing their needs so that the Intelligence Community can react to their

guidance. In the final months of 1977, the PRC(I) defined its needs in two categories: National Intelligence Topics of Basic Continuing Interest and National Intelligence Topics of Current Interest. These topics will be reviewed periodically by the PRC(I) to keep them current. The PRC(I) will also assign relative priorities to these topics. A promising beginning has thus been made in gaining guidance for the Intelligence Community from the highest policy-making levels of our Government.

The Intelligence Community is itself a major consumer of intelligence in the course of developing the intelligence required by others. Its needs as a consumer are represented by me as Chairman of the PRC(I), and also by the Secretaries of Defense, State and Treasury, PRC(I) members who are both major consumers of intelligence and have in their departments elements of the Intelligence Community. In addition, the PRC(I) is charged with evaluation of intelligence performance.

The sum of all of this is very important to the Intelligence Community. The President has formally charged the senior consumers of intelligence with giving the Community its marching orders, and then with assessing its performance in responding to them. This will, of course, be supplemented by all manner of formal and informal contacts at lower levels. The result cannot help but be beneficial in terms of the relevance and utility of intelligence products.

Department of Defense Reorganization for Intelligence

Given the very large part of the Intelligence Community over which the Department of Defense exercises line authority, reorganization within that Department has a significant impact on the entire Community. Some recent developments in Defense should be cited.

In March 1977, the position of Assistant Secretary of Defense (Communications, Command, Control, and Intelligence) (C³I) was created to strengthen internal coordination and working relationships among four closely related areas of responsibility, particularly resource management, hardware development, system design, and program evaluation. A further major management realignment resulted in the creation, in June 1977, of the position of Director of Policy Review, a principal staff assistant for Defense policy as it relates to intelligence analysis, requirements and priorities, and other policy matters as determined by the Secretary of Defense.

Finally, in October 1977, the Congress approved the creation of two Under Secretaries of Defense—one for Policy and the other for Research and Engineering. The Under Secretary for Policy became the primary advisor and staff assistant to the Secretary of Defense for such matters as international politico-military affairs and arms limitation negotiations, intelligence

TOP SECRET

11

analysis and requirements, and the integration of departmental plans and policies with overall national security objectives. The Assistant Secretary of Defense for International Security Affairs was also designated as the Principal Deputy Under Secretary of Defense for Policy, while the former Director of Policy Review was redesignated a Deputy Under Secretary of Defense for Policy. [redacted]

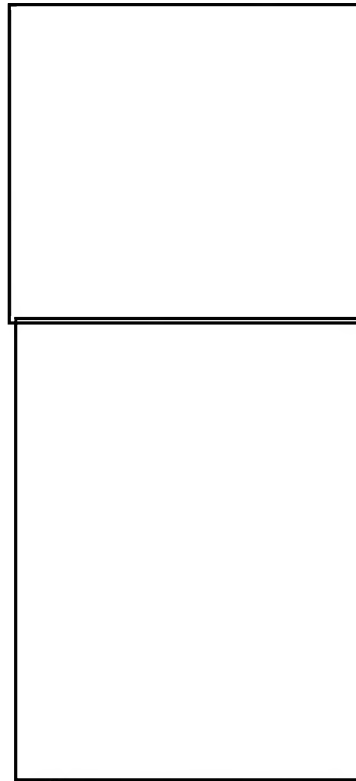
Meanwhile, the Under Secretary of Defense for Research and Engineering became the primary advisor and staff assistant to the Secretary of Defense on matters relating to research, engineering, acquisition, communications, command and control, and intelligence resources. [redacted]

The ASD (CI) is his principal Deputy. [redacted]

This new distribution of policy and resource responsibilities between the two Under Secretaries will entail close coordination with all members of the Defense Intelligence Community. Also, as provided for in the new Executive Order on intelligence activities, these two Defense officials are expected to increase their involvement in national intelligence resource and policy matters. [redacted]

Department of Energy Intelligence Activities

I want to devote some attention to the intelligence activities of our newest cabinet department, which succeeded the Energy Research and Development Administration as a member of the Intelligence Community effective 1 October 1977. The Department of Energy's foreign intelligence activities have as their objectives, in addition to providing departmental support, responding within the capability of the Department and its laboratories to the needs of the National Security Council and the Intelligence Community and providing analytical and technical support to the National Foreign Intelligence Program. The Department's intelligence program is managed by the Principal Deputy Assistant Secretary for International Affairs, who also is the Department's Senior Intelligence Officer. Under his direction, the Office of Current Assessments analyzes and produces intelligence on the political, economic, scientific, and technical aspects of foreign energy plans, programs, resources, and technologies which affect departmental and national policymakers. Also supporting the Department of Energy Foreign Intelligence Program is the Division of Defense Intelligence, under the Assistant Secretary for Defense Programs. This Division concentrates on defense/weapons-related intelligence issues. The Department's laboratories provide additional analytical and technical support. [redacted]



While major work in the preceding areas will continue in FY 1978, the Department will

25X1

25X1

25X1

25X1
25X1

increase its emphasis on foreign energy intelligence through the recently established Office of Current Assessments.

25X1
25X1
25X1

25X1

25X1
25X1

TOP SECRET

13

Treasury Department Intelligence Activities

There was an organizational change in the national intelligence element within the Treasury Department during 1977. The new Secretary decided to separate the intelligence support function organizationally from all other functions. Thus, the Office of National Security, which had been responsible for some NSC secretariat and defense-related activities as well

as for intelligence support, was disestablished in May. In its place a new Office of Intelligence Support (OIS) was given the mission of managing the national intelligence relationships and support for the Department. OIS continues to be headed by the Special Assistant for National Security who represents Treasury on the National Foreign Intelligence Board.

Intelligence support activities did not basically change. OIS still prepares a daily summary of current intelligence for the Secretary and senior Treasury officers, drawn from Intelligence Community reports and publications. In addition, the Office screens all incoming intelligence and provides raw reports, finished intelligence or briefings to other department officials, as appropriate. OIS also draws on the Intelligence Community for special support materials in conjunction with Treasury policy decisions, trips abroad or visits of foreign officials to Treasury. OIS national intelligence advisors also provide day-to-day liaison between Treasury policy officials and the many elements of the Intelligence Community.

Treasury is a significant consumer of intelligence in several fields. There is a strong interest in international economic subjects, and also in the political background which affects economic

25X1

25X1

25X1

25X1

25X1

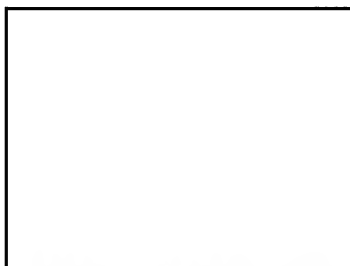
TOP SECRET

25X1

25X1
25X1

25X1

25X1



Treasury's own intelligence product is almost entirely focused on supporting the Secretary of the Treasury and senior Treasury officials in policy decisions, meetings, trips, and the like. It is not normally distributed outside the Department except to policy officials in other departments directly concerned. Treasury does, however, make many of its briefing papers and memoranda of conversations available to the National Foreign Assessment Center. There has been an increasing understanding of the contribution Treasury can make to the national intelligence process and a greater appreciation of the usefulness of intelligence to Treasury.

As one result of a meeting between the Secretary and his senior international officials with the DCI and his senior staff, a new emphasis was put on consulting Treasury on CIA's economic products. Selected economic articles for the National Intelligence Daily and the Economic Intelligence Weekly, as well as some Office of Economic Research special memoranda, are now sent to Treasury for comment before publication. Often these comments are incorporated in the article; occasionally they appear as a separate Treasury comment. These procedures provide a way to



draw regularly on Treasury experts for national intelligence production in addition to their participation in the preparation of National Intelligence Estimates and other specialized interagency products.

It has also been agreed between the Secretary and the DCI that Treasury should play a stronger role in providing guidance on the intelligence needs of economic policymakers. To supplement the working level link on requirements for collection and production provided by OIS, the Secretary of the Treasury has been made a member of the new Policy Review Committee (Intelligence) which will establish national foreign intelligence requirements and priorities.



Planning Activities

Intelligence Community Planning System

The Director of Central Intelligence is charged by law, Executive Order and National Security Council directives with a wide array of responsibilities regarding the Intelligence Community. Certain of these responsibilities require that I plan and issue guidance to the Community for the collection, analysis, and production of national foreign intelligence, for resource man-

agement, and for the day-to-day conduct of the Community's affairs which require coordination. Although I use various mechanisms to discharge responsibilities I share with other officials in the Government, the Intelligence Community Planning System is my primary vehicle for fulfilling those responsibilities which I bear unilaterally.

The Intelligence Community Planning System provides an overall context for the issuance of planning and operating guidance and for related planning activities. To better support the changing needs of the Intelligence Community, the Planning System is evolutionary in nature and designed to accommodate change as new needs arise. In its present form, the Planning System consists of three time-related elements:

- *Long-Range Element:* A broad projection of world trends beyond the resource programming period to 20 years in the future, with a description of the implications of such projection for intelligence activities.
- *Mid-Range Element:* A projection of the world environment and the role envisioned for intelligence in the period for which Intelligence Community resources are programmed (2-6 years), together with an assessment of the impact of the projection on current intelligence priorities and an expression of the overall strategy for fulfilling intelligence needs in that period.
- *Current Element:* Basic operational and management guidance, including an enumeration of substantive requirements categories and their priorities; special substantive questions of current interest; and DCI goals and objectives for the management of Community matters.

25X1

25X1

These elements of the Planning System are designed to serve different purposes within the Intelligence Community. Generally, the long- and mid-range elements serve the needs of intelligence planners, the mid-range element also serves those managers involved in resource programming, and the current element serves intelligence activity operators. Inasmuch as the Planning System overarches the total planning, programming, and operating guidance process, the elements are necessarily broad in scope and general in nature. Each element requires interpretation and amplification in varying degrees for application to the diverse activities and situations existing within the Community. The process of interpretation and amplification occurs at many points and at various levels, most notably:

- in the DCI Committees;
- in the NFAC;
- in the organization of the D/DCI/CT;
- in the offices of the NFIP program managers; and
- by operators in the field. [redacted]

In addition to the various documents which form parts of the Intelligence Community Planning System, the development and improvement of which varies substantially from one to another, the Planning System concept is also supported by other activities. Of particular interest was the initiation in mid-1977 of the Intelligence Community Planners Conference series. While it is only a beginning, the underlying idea of such conferences is to bring key planners from throughout the Community together to talk over planning activities in an

informal working session. What we hope to achieve in this way was pointed out by the Acting Deputy for the Intelligence Community at the initial session:

This is the first meeting we have ever had of planners from throughout the Intelligence Community. Planning has been the stepchild of the Community. With your help, we hope to be able to do something about it. The atmosphere at this time is propitious. The Administration (and the President himself is personally committed to this) desires to develop a workable priorities mechanism. We hope that collectively we can come up with a planning program which drives the entire budget cycle, not only in the near term, but also in the longer term (so that R&D planners develop capabilities against our best judgment of what we will need to do the job). Complementing the Presidential and policy planners' guidance, we need to be sure the downstream bread and butter issues are also carefully considered and covered. To do all this we will need to work very closely together. [redacted]

Responding to Consumer Needs

As this report goes to press we are in the process of working out the new mechanisms which will enable us to provide the most responsive support to our principal consumers. The Key Intelligence Questions which we have used in the past to focus attention on certain intelligence concerns may be supplanted by a new document, probably to consist of short lists of standing and current intelligence interests of highest priority to the top national-level consumers represented in the Policy Review Com-

mittee (Intelligence) of the National Security Council. [redacted]

Supporting these topical lists will be a comprehensive tabulation of requirements priorities, drawing on the work we did last year to make the standing matrix portraying topics and associated priorities into a dynamic current system which could be readily adjusted to changing requirements and levels of interest. Our capacity to respond quickly and efficiently is also much enhanced by creation of the National Foreign Assessment Center and the prospective National Intelligence Tasking Center, backed by the evaluative and policy and planning elements of the Community Staff. [redacted]

National Foreign Intelligence Plan for Human Resources

Important information from human sources which goes into the production of national intelligence comes from both intelligence and non-intelligence elements of the greater foreign affairs community.* [redacted]

Collectively this works fairly well except in one important respect: it does not enable [redacted]

TOP SECRET

15

25X1

25X1

25X1

25X1

25X1

25X1

TOP SECRET

NFIB, I signed on 4 July 1977. While progress on most of the action programs has been delayed during the restructuring of the Intelligence Community, we have set our course for more progress in the coming year.

In 1976, the DCI's interagency Human Resources Committee undertook to develop a set of agreed Community action programs which would achieve collective planning and action on the foregoing and many other matters attending collection, distribution and use of foreign information of potential intelligence value. After more than a year of interagency deliberation, consensus was reached on four interlocking Community action programs. [redacted]

The first of these would expand or open new informational assistance channels among departments, agencies and organizations within the foreign affairs community. The second would bring into being a mechanism for the issuance—as appropriate—of advice, guidance and requirements for human source collection. The third action program aims at critiquing and improving the field collection effort.

The fourth action program ensures a Community forum for airing issues and resolving problems through collective bargaining. [redacted]

Long-Range Forecasting for Intelligence

A particular concern of mine is the degree to which we are devoting sufficient attention to the intelligence challenges of the future. I have pointed out the establishment of a long-range element as part of the Community Planning System. In this report I want to highlight my concern that we do better in assessing the implications of the future and preparing to deal with them by discussing in some detail current and projected long-range forecasting for intelligence in the Community.

IC Staff Long-Range Studies. During the last year, increased emphasis has been placed on long-range planning to improve and extend intelligence planning guidance for mid-range programs development. As an initial exploratory effort, a small group,

TOP SECRET

25X1 working under the Intelligence Community Staff, was assigned the task of reviewing extant literature dealing with the future, developing from it a description of possible future global environments and an initial assessment of the related implications for intelligence. [redacted]

25X1 In conducting this pilot study, the group looked at the open-source forecasts of professional futurists as well as at many classified and unclassified Governmental documents dealing with the future global environment. The Intelligence Community furnished ad hoc assistance from time to time, and ongoing related contractual studies were utilized to some extent. [redacted]

25X1 Two objectives were established for the study: preparation of a first generation forecast; and development of a methodology which, with follow-on refinements, could be used for annual update studies. [redacted]

[redacted]

This systematic approach to looking at the future can be refined and duplicated in successive iterations. The "perceived information needs" and the implications identified should be useful as guidance for mid-range functional planning. [redacted]

The generation of specific "likely U.S. policy concerns" can perhaps serve as an additional tool in eliciting from intelligence consumers a more comprehensive appreciation of the planners' and decisionmakers' concerns to which intelligence support should relate. Interest in, and attention to, the future and its prospects have intensified during the last year. More planners, managers, and decisionmakers are extending the time horizons of their perceptions and considerations. We want to encourage this trend, to foster an interest in cooperative studies of the future global environment, and to determine the approach which should be taken in a

follow-on Intelligence Community long-range study effort. [redacted]

National Foreign Assessment Center Studies. NFAC does not engage in futures studies, as such. In the course of its normal analytical work, nonetheless, it sometimes becomes necessary and practical to make projections ten to fifteen years in the future. These projections have the side benefit of providing to Intelligence Community planners insights into the sorts of collection programs that will be appropriate in the distant futures with which they have to deal. Two of NFAC's production offices, particularly, make contributions of this sort. [redacted]

TOP SECRET

17

Next 2 Page(s) In Document Exempt

Management Aspects

ADP in the Community

General. Existing ADP and other Community information handling assets, systems and capabilities were procured by individual departments and agencies in order to support their departmental missions. These efforts, while very successful in terms of agency missions, have not necessarily fostered the possibility of commonality. The resource request and approval framework in which intelligence programs have been organized (e.g., the General Defense Intelligence Program, the Consolidated Cryptologic Program, the CIA Program, etc.) has been one in which it has been difficult to conduct cross-program analyses of a functional subject—such as ADP-related resources—which cuts across institutional and traditional programmatic lines. Moreover, the Intelligence Community Staff has not possessed the manpower or technical expertise, nor was there time in a single program/budget cycle, to effectively evaluate system proposals and translate them from the individual institutional focus in which they were framed to an appraisal of their Community-wide benefit. [REDACTED]

Last year's Annual Report and the DCI's *Perspectives for Planning and Programming* alerted Community managers to the necessity to reorient their ADP planning and related information handling systems. Top management of the Community and Congressional committees dealing with intelligence matters are in agreement that the resources for hardware, such as computers and telecommunications equipment, and in fact all resources for information handling systems and capabilities, must be provided, managed and operated under a

25X1

TOP SECRET

comprehensive Community plan. Requests for resources to create new capabilities must be evaluated in the context of a total official plan, and planning in turn must be directly related in a very practical way to the cyclical process for programming and budgeting and the proce-

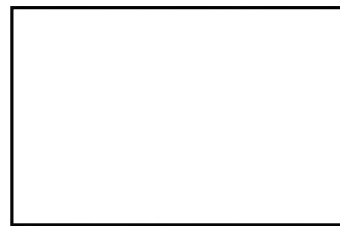
The IC Staff, with important contributions from ASD(C3I) and Intelligence Program Managers, has made a start toward comprehensive, collaborative ADP planning, to embrace all resources related to ADP, telecommunications and information handling systems and facilities funded within the NFIP budget. These assets,

Community Information Systems Office (CISO). We are in the process of establishing a Community Information Systems Office (CISO), within the Intelligence Community Staff, which will play a major role in the identification, analysis and evaluation of specific issues relating to ADP, telecommunications, and other information handling systems and assets within the NFIP. The chief of this office will be the "senior ADP official" in the Intelligence Community and will be responsible for developing and coordinating the official mid- and long-range master plan to keep the plan current; and to monitor the implementation of the plan by Community operating organizations.

Improvements in ADP Programming and Budgeting. Several significant measures have been instituted during the past calendar year to improve ADP resource decisionmaking, and

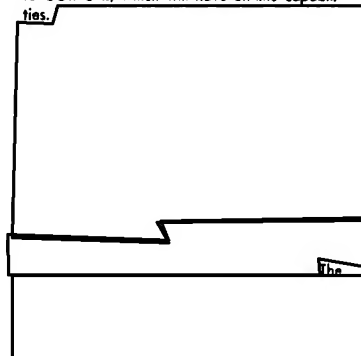
Highlights include:

- In the past, little detailed DCI program planning guidance has existed relative to ADP and other information handling resources. As a result, there has been little DCI influence early enough in the budget formulation process to have major effect on Community resource proposals. In the future, the IC Staff will provide planning and programming guidance at the start of each calendar year, based on the experience with the previous year's process. This guidance will also be incorporated in the Secretary of Defense Consolidated Guidance and will include guidance in narrative form together with explicit fiscal constraints for the coming five-year period.



Community On-Line Intelligence System (COINS). COINS was the first example of an attempt to develop an ADP system to serve the entire Community, and remained an "experiment"

Since 1974, work has been underway to upgrade COINS I from a store-and-forward message processing system to COINS II, which will have on-line capabilities.



25X1

25X1
25X1

25X1

25X1

25X1

25X1

Approved For Release 2004/05/21 : CIA-RDP81M00980R003200100052-9

Approved For Release 2004/05/21 : CIA-RDP81M00980R003200100052-9

25X1

TOP SECRET

Approved For Release 2004/05/21 : CIA-RDP81M00980R003200100052-9

25X1

25X1

A trend toward services which transcend the interests of individual agencies and components is clearly evident. But this trend in a need-to-know, compartmented, intelligence information environment presents a new set of problems.

25X1

25X1

response to a Congressional recommendation that CIA and DIA develop comparable analyst information systems with maximum commonality and resultant cost savings. The Intelligence Research & Development Council was kept apprised of this effort, and in the process supported establishment of a joint program office. [redacted]

ADP in the Future. The availability of relatively inexpensive disk storage devices and computer terminals has led users to demand interactive on-line access to their data, in some cases 24 hours a day, 7 days a week. CIA's Central ADP Activities terminal installations have grown [redacted]

25X1

We expect the use of minicomputers, both attached to central systems and stand-alone, to increase. Distributed data processing networks are being actively studied and tested. We have consolidated file holdings of common interest and made them available, via terminals and data management systems, to an increasingly wide population of CIA users and, in some cases, cross-Community users. The existing [redacted]

25X1

25X1

25X1

25X1

25X1

25X1

25X1

contained on its list, they will be forwarded to the NFIB for review and comment, compiled in a glossary and published for reference throughout the Intelligence Community, other Executive Branch agencies, and the Congress. The document will represent the first comprehensive and authoritative publication of intelligence terms. I expect it to be extremely helpful to all activities concerned with intelligence or intelligence-related functions. [redacted]

NFIP Procurement Policy

Congressional Interest. On a number of occasions during FY 1978 Budget Authorization hearings, the Senate Select Committee on Intelligence inquired of witnesses as to the extent of the industrial base involved in providing goods and services to the Intelligence Community. The Committee Report, issued on 19 May 1977, pointed out that the Committee was unable to determine with any degree of certainty how broad the industrial base might be, or what steps are being undertaken by the Community to broaden this base. The Report continued by noting, "Although the Committee recognizes there are certain limitations in this regard because of security requirements, the Community is urged to make every effort to ensure as broad a base of U.S. industrial firms as possible is involved in competing for intelligence goods and services." To this end the Committee requested that the DCI promulgate a set of guidelines and criteria, and that the Committee be provided copies of such direction. [redacted]

New NFIP Procurement Policy. To encourage the development of an expanded industrial base, an NFIP procurement policy was developed and published in November 1977. The proposed policy and reporting procedures were

developed in consultation with procurement authorities of NFIP constituents and formally coordinated with the Program Managers of NFIP elements and component programs. The policy:

25X1

25X1

25X1

25X1

Intelligence Definitions

In September 1977, an "Intelligence Definitions Working Group" was formed composed of representatives from all Intelligence Community organizations, to include the Data Standardization Panel of the DCI's Intelligence Information Handling Committee. Meeting weekly, the group first compiled a list of over 200 candidate terms and associated acronyms in use throughout the Intelligence Community. The Group's charter has been to develop definitions which are as clear and precise as possible, and without being constrained by definitions which currently appear in such documents as JCS Publication No. 1, National Security Council Intelligence Directives, or Executive Orders. [redacted]

When the Intelligence Definitions Working Group completes the drafting of all terms

TOP SECRET

Next 14 Page(s) In Document Exempt

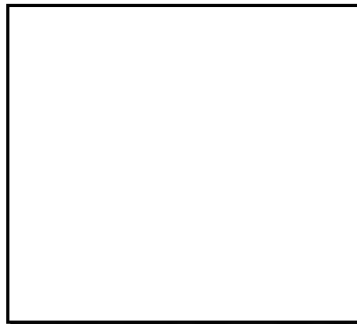
III. ANALYSIS AND PRODUCTION: SELECTED ISSUES

Chapter Summary

The fundamental purpose of the National Foreign Intelligence Program—to provide the highest quality intelligence product to our consumers—remains the same over time. We sought to improve the intelligence product by establishment of the National Foreign Assessment Center; increased use of outside consultants and open source materials; and an array of studies of the Community's ADP systems and enhanced application of new analytical methodologies. The new role of the NSC Policy Review Committee in conducting product evaluation is also expected to help improve the quality of intelligence products. [redacted]

National Intelligence Estimates will become more responsive and useful to consumers through the utilization of recognized experts on the National Intelligence Staff and the use of outside experts to review major intelligence products. Increased emphasis on interdisciplinary analysis and improved procedures to determine the needs of consumers are also steps being taken to ensure that intelligence products are the best that can be produced. Other experimental and innovative measures are being taken in CIA, DIA, INR and the Services to improve the quality of analysis and production, steps which are indicative of the effort and importance being given to improving the quality of analysis throughout the Intelligence Community. [redacted]

In the substantive intelligence arena, it was a busy year as the Community dealt with an array of topics. Highlights of intelligence



Intelligence Product Improvement

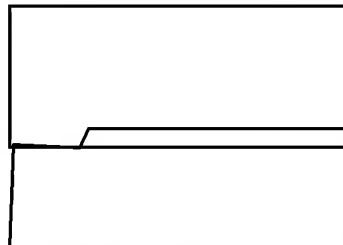
The Quality of Intelligence

While the Intelligence Community continues to provide a broad base of timely, relevant and high quality products, the requirement to improve our performance is a continuing one, due to a changing world and changing consumer needs. There are several major national-level/interagency actions regarding the organization and management of intelligence production which should contribute to improving the quality of analysis. These include:

- Assignment to the NSC Policy Review Committee of responsibility to conduct periodic reviews of national foreign intelligence products, evaluate analytical intelligence product performance, develop policy

for assuring high quality intelligence products, and provide guidance in areas requiring change.

- Establishment of the National Foreign Assessment Center and its initiation of the programs described elsewhere in this report to improve the organization of production, to advance the qualifications of its analysts, to make more and better tools available to analysts, and to determine what customers want more accurately.
- Undertaking of comprehensive Intelligence Community Staff-sponsored studies of the Community's ADP systems and enhanced application of new analytical methodologies. [redacted]



We are also addressing in a systematic fashion our need to:

- apply even more attention to the problems of recruitment, training and career development of our analytical personnel; [redacted]



TOP SECRET

- 25X1
- make further improvements in our capability to analyze complex multidisciplinary issues and develop the data base required to support such analyses; [redacted]

- 25X1
25X1
- [redacted]
- find better ways of enhancing the man-machine interface within the Community; and [redacted]
 - understand better what kinds and amounts of finished intelligence are most needed by users. [redacted]

25X1
25X1

The development of comprehensive, explicit FY 1980 NFIP program guidance incorporating the necessary next steps for achieving these goals and objectives has been a priority task.

Quality of Analysis

25X1

The fundamental purpose of the national foreign intelligence program is unchanging. It is to produce intelligence of the highest quality to meet the needs of the President, the Cabinet, the Congress, the military commands, and other decisionmakers throughout the Government. While there are, at present, few mechanisms available to evaluate the impact on the quality of the intelligence product of incremental increases or decreases in the resources applied, the demand for intelligence products has been growing due both to the addition of new customers such as Congress and to the requirement to address new subjects such as technology transfer, nuclear proliferation, and human rights. At the same time, the numbers of analysts have remained stable. Intelligence

[redacted]

possible to measure with precision what sort of improvement in quality one could get by adding a given number of analysts, but each NFAC production program manager would be able to give a rather accurate assessment. The crux of the matter is that the U.S. Government has been getting by on the cheap for the last several years with the resources it has allocated to intelligence analysis. [redacted]

Outside Consultants. The importance of using outside experts and contractors has long been recognized by analytical elements throughout the Community. Outside experts are used primarily to augment in-house skills in areas where the maintenance of Community expertise is not feasible, to bring independent viewpoints to bear on complex substantive and managerial problems, to review and critique intelligence assessments and analytical techniques, and to develop and test new techniques. Virtually all intelligence production activities are extensively involved in strengthening their analytical work by using outside experts and contractors. [redacted]

NFAC is expanding its formal consultative relationships and establishing a number of regional and policy-issue panels which will have close ties to working-level analysts. In addition, a full-time Review Panel composed of nationally recognized experts is being created to review and critique national intelligence products. The NFAC is also attempting to strengthen analytical capabilities in FY 1979 by expanding the

Open Source Materials. The Intelligence Community is also placing increased emphasis on the use of open source materials, in addition to overtly and covertly collected information, to give broader meaning to all-source analyses and to avoid overburdening other collection systems unless they are the only means of obtaining required information. [redacted]

The DCI's Scientific and Technical Intelligence Committee has also created a special working group to study the effectiveness of open source data collection in support of S&T analysis, an action which emphasizes the fact that unclassified information can often be equal in "value" to information derived from classified sources. [redacted]

TOP SECRET

continuously. Improving our capability for doing this in a more rigorous way is a priority concern within the Community. []

Intelligence Estimates

We have taken a number of steps during the past year to help ensure that these estimates come to represent the very best the Intelligence Community can produce. First, as the tours of the managers of the estimative process have expired, particular efforts have been made to recruit from outside the Intelligence Community some of the best minds available. Of the eleven National Intelligence Officers, four have been enlisted from other Government agencies, from research institutions, and from the military services, and more will be recruited in the months ahead. Perhaps most important, the leadership of the entire effort has been placed under the direction of one of the country's leading authorities on world affairs. []

To assure that the estimates produced are truly relevant to the concerns of policymakers, a new procedure is being created to gain policymakers' advice. Representatives of the Secretary of Defense, the Secretary of State, the President's Advisor for National Security Affairs, the Joint Chiefs of Staff, and the Secretary of the Treasury have all contributed to the assembling of a list of issues that they consider to be of top concern. []

An effort related to making estimates more relevant has been that of making them available at the times when they will be of most use to policymakers. In the past year, the military []

An effort has also been launched to assure that the best advice available in the academic and research communities is proffered to analysts as they draft national estimates. To this end, panels of consultants are being assembled to review each major estimate at that point in the production process when a National Intelligence Officer believes he has a respectable draft, but before the process of coordination begins within the Intelligence Community. The members of these panels of experts are being asked to supply their advice as individuals, rather than collectively, to avoid the adversarial relationships that developed the year before with the "A-Team/B-Team" experiment. []

Founding of the National Foreign Assessment Center

Concern for the quality of intelligence analysis has not centered solely on the improvements of National Intelligence Estimates. The quality of estimates, indeed, can only be as good as the data bases maintained by analytical organizations within the Intelligence Community, the basic research that is performed by them, and the building-block analyses that they produce. These analytical resources have come under increasing pressure in recent years as the number of consumers has expanded substantially, as the issues with which they deal have grown in number and become more complex, and as the number of negotiations they support has increased. []

Analytical Techniques. Perhaps the most critical area of effort relating to the quality of analysis has to do with improving analytical techniques and methodologies. In retrospect, analytical shortcomings have often resulted from the predispositions and preconceptions brought to bear on complex subjects in order to bridge the gap between the known and the unknown. Improvements are being sought throughout the Community in research, test, and application of new techniques, as well as in programs designed to enhance analysts' understanding and appreciation of the foreign environment, to minimize the possibility of analytical self-deception. []

Product Evaluation and Improvement

An assessment of national foreign intelligence products prepared by the IC Staff apprised the NSC of the strengths and weaknesses of intelligence products as viewed by senior policymakers and users. Five systemic problems identified in this report defined the principal areas in which improvements in intelligence were needed: availability of intelligence resources as compared to user demands; determination of what users really need; allocation of resources to various aspects of the intelligence process; balance of production effort among data bases, current intelligence and analysis; and the degree of proximity between policy and intelligence. We continue to seek full resolution of these systemic problems. []

I would stress that both product and process evaluations are, and must be, conducted

TOP SECRET

To promote more efficient management of analytical resources within CIA, the National Foreign Assessment Center was founded in October. The essential elements of this reorganization were: to bring the analytical resources of CIA's Directorate of Intelligence under the direct management of the DCI's Deputy for National Intelligence; to assure that the insights gained by the National Intelligence Officers in their roles as principal staff advisers to the DCI on substance and as the DCI's principal points of contact with intelligence consumers would be available to the production offices of CIA; and to engage the National Intelligence Officers in monitoring the coordination of interdisciplinary analyses performed by CIA's production offices. []

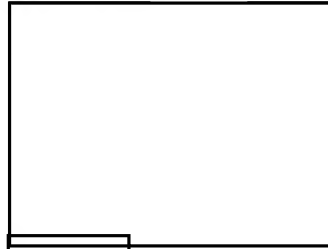
The founding of the National Foreign Assessment Center also involved establishing two new bodies to promote a more critical scrutiny of the product and a more systematic determination of its production program. []

- A Review Panel, consisting of a small group of generalists mainly recruited from outside the Community and serving full time, will be part of the Office of the Director of NFAC to provide an independent review of major intelligence production. There will also be a number of more specialized part-time consultants who will supplement the Review Panel as needed. Production office directors and National Intelligence Officers may also be called on to serve as members of review panels. []
- A Production Board will be the principal mechanism for shaping the focus and content of the integrated intelligence production program. It will function as a collective body to advise the Director on all aspects of intelligence production and

research. It will be chaired by the Director and its membership will include the Deputy and Associate Directors, production office Directors, and National Intelligence Officers. The Board will from time to time establish panels to work up programs and perform other appropriate functions. []

Center for the Study of Intelligence (CSI)

Three years ago, the need was recognized for a small component within the Central Intelligence Agency that would offer a place for officers to step away from line responsibilities for brief periods of reflection and study concerning major intelligence problems confronting the Agency and discussion programs geared to the processes and methodologies of the art of intelligence, with both programs contributing to the written record of that art and to training programs conducted for intelligence professionals. []



Another team of officers produced an assessment of the product and process of national estimates after thorough discussions with both consumers and producers throughout

the Intelligence Community. The study found that there had been improvements in the estimates process since the introduction of the National Intelligence Officer concept, but that the product was more uneven today than previously. It attempted to answer the questions of what estimates should do, for whom they should be written, and how they should be written, and addressed the relationship between the producer and the user as related to policy formulation. []

In the future, the CSI looks to the organization of Community study and research projects in which teams of officers drawn from the component units of the Intelligence Community can work on topics of common concern to several agencies. []

Interdisciplinary Analysis

The production of more intelligence of an interdisciplinary nature has been a principal objective of the Intelligence Community for the last several years. Progress has been made, and more is anticipated with the establishment of the National Foreign Assessment Center. []

Central Intelligence Agency

In CIA, the production offices have been the principal innovators in the expanded effort to produce interdisciplinary intelligence in the year past, and a number of accomplishments are worth noting.

The Office of Regional and Political Analysis. Since it was set up in December 1976, ORPA has experimented with a number of new approaches to intelligence production that are intended at least in part to give added emphasis to interdisciplinary analysis and longer-range projec-

TOP SECRET

tions. [REDACTED]

The main objectives of the reorganization of a year ago were to bring together in one office most of the available talent for political analysis and, in the process, to release as much of it as possible for actual conduct of analysis—particularly in the mid- and long-term. To that end, more but smaller divisional units were set up, management and review overhead within the divisions and at the office level were minimized to the maximum extent possible, and senior people were encouraged to focus on substance. A panel of such senior personnel with broad experience in the problems of analysis was created to assist in the development of production programs, review and critique analysis at various stages of production, and undertake certain other projects of a special character. [REDACTED]

Although virtually all non-reportorial production done in ORPA is *multidisciplinary* (in the sense that political judgments take into account economic, military, and sociological factors), the Methods and Forecasting Division was set up to support the other divisions in achieving a more *interdisciplinary* approach to analysis (in the sense that analysts of various disciplines interact to formulate the problem and devise approaches to its solution). Of the various ways of doing this, the Division has emphasized in particular the [REDACTED]

ORPA's recruitment and training program should in various ways enhance our capabilities to participate more effectively in the experience of interdisciplinary analysis and longer-range projection. As vacancies occur, the office shall continue to look for candidates with degrees or experience in more than one discipline. For analysts already aboard, the office continues to offer extensive opportunities to broaden their skills. They range from an in-house course in statistics through a workshop in international economics to year-long sabbaticals at major universities. Also to be included under this rubric are frequent participation in outside seminars and meetings of professional associations, as well as the invitations extended by the office itself to distinguished academics to share perceptions of particular areas or problems. [REDACTED]

The Office of Geographic and Cartographic Research. OGCR's Environment

and Resource Analysis Center (ERAC) was established during this past year with a clear charge to perform interdisciplinary analysis. [REDACTED]

ERAC's leaders emphasized the necessity of attacking complex world environmental and resource issues in a multidisciplinary way. In short, this approach was to first identify the complex topics, and then build a complete team of specialists from all the required fields to address them at the analytical level. Working in close proximity and using a common data bank, these specialists could then blend their ideas and conclusions and ultimately synthesize a truly interdisciplinary report. It is felt that this method of analysis will provide a decidedly better intelligence product for the policymaker. [REDACTED]

TOP SECRET

Next 1 Page(s) In Document Exempt

25X1

25X1

25X1

25X1

25X1

25X1

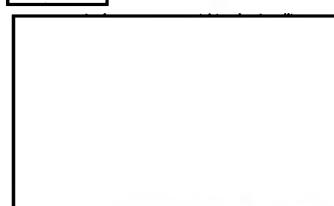
25X1



Department of State

In the Department of State, the Bureau of Intelligence and Research has long recognized the desirability of using interdisciplinary analysis in certain kinds of studies, and that such an approach is not only desirable but mandatory if the real needs of its policymaker consumers are to be met satisfactorily. Consequently, INR's managers increasingly encourage the use of the interdisciplinary approach in all INR production.

[Redacted]



In 1977, INR decided that the growing needs of its policy customers for analyses of such increasingly important subjects as the activities of the non-aligned movement, the dynamics of the North-South dialogue, and development in human rights required the establishment of a staff that could deal with these subjects on an interdisciplinary basis. Consequently, it repro-

[Redacted]

grammed a small number of positions in order to set up an embryonic Global Issues Staff [Redacted]

To date, the very small size of this Staff has precluded its being able to do more than undertake some limited work in the field of human rights. As soon as resources permit, INR plans to expand its capabilities so as to be able to begin some analytical studies of the aims and motivations of key non-aligned countries. [Redacted]

Along with other members of the Intelligence Community, INR participates in the Research Program Working Group for the interagency Analytical Support Center managed by CIA's Office of Research and Development. In this capacity, INR helps to guide the program of the Center into directions that will serve the Department's needs and also provide liaison so that new techniques can be implemented, where appropriate. [Redacted]

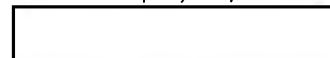


Defense Intelligence Agency

While DIA has no organization specifically established for interdisciplinary analysis, it does utilize a variety of forms of interdisciplinary analysis in the analytical effort and in drafting

a number of its products. In one form, individuals with different skills and expertise provide their views on a topic to a drafter or team of drafters who adjudicate differences and meld the inputs into a unified whole. In this process, there is a constant interplay between each of the specialists and the drafters as the analysis or report develops. [Redacted]

Another approach is the blending of analytical talents in a team concept to perform the analysis. Although not widely suitable at this time for application to DIA's intelligence effort, the Agency recognizes its value and applies this method where practical. Where the more classic form of interdisciplinary analysis has been



analysis from a number of intelligence disciplines (order of battle, military capabilities, estimates, geography, and S&T) has been brought to focus on a single issue or event. The particular grouping of specialists varies in these activities depending on needs of the study in question. DIA believes that this has, for those areas, led to a stronger analysis with more valid findings. [Redacted]

However, in most cases, DIA draws together varying specialists and experts on an ad hoc basis as the needs of the particular event under analysis require [Redacted]

By far the most common approach in DIA is the utilization of several analytical methodologies by a single analyst as he derives his final judgments. At present, state-of-the-art methodologies for using quantifiable techniques in the non-scientific disciplines (i.e., soft sciences) may be somewhat rudimentary. However, in S&T

25X1

25X1

25X1

25X1

TOP SECRET

and weapons effects intelligence, the use of a number of very sophisticated techniques is commonplace. []

A fourth approach is a unique area where the military officers who are Foreign Area Specialists combine their academic specialization in international relations, geographic, and political area studies with the hard military sciences and experience in attacking intelligence questions. This approach also applies to the considerable number of DIA analysts who have extensive academic preparation in the soft sciences and, as a result of their DIA assignments and training, are utilizing other disciplines and hard sciences. []

DIA has underway a comprehensive management-directed planning program to improve analytical methodology. One goal is to unify the diverse improvement efforts of the various substantively oriented deputy directorates into a focused and controlled effort with an expressed objective of mutual sharing. Under this program, interdisciplinary analysis will be considered and applied where raw data and techniques are applicable. The objective of much of the DIA training effort in this area is to develop in analysts a capability to apply a variety of tools in their analysis. In addition, each of the deputy directorates has a number



The Cumulative Impact

I have described in some detail the variety of approaches to interdisciplinary analysis which

are underway throughout the Community because I recognize the growing need of users of intelligence for this kind of product, and also because I think it is important for those who are concerned with our overall intelligence effort—whether they are users of intelligence, charged with oversight of intelligence activities, or members of the Intelligence Community itself—to know about all that is going on in this area. Some of it, as has been stated, is experimental, and not all of this will prove out. But the important thing is that much that is innovative and progressive is underway, we are actively seeking new ways to approach difficult problems, and the cumulative impact is very positive indeed. []

Highlights of Substantive Intelligence Concerns

Soviet Defense Expenditures/Comparative Defense Economics

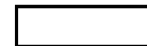
Estimating the cost of Soviet defense activities, both in rubles and in dollars if duplicated in the U.S., is a major National Foreign Assessment Center effort performed by its Offices of Strategic Research and Economic Research, together with DIA, under the auspices of the CIA/DIA Military Cost Review Board established in January 1974. Important papers were published this past year, strides forward were taken in improving the quality of these estimates, and innovations are being made that should improve these estimates still further. []

These sorts of estimates are essentially interdisciplinary in character. Economics is the cornerstone discipline around which engineering, statistics, and military science make important contributions to the "building block"

approach used to estimate—in dollar and ruble terms—the size and trend of Soviet military activities. To identify Soviet forces, economic analysts work in conjunction with intelligence analysts who study military doctrine and tactics and weapons technology in the Soviet Union.



In January 1977, we completed our annual estimate of the dollar cost of Soviet defense programs. The results were published in an unclassified paper entitled *A Dollar Cost Comparison of Soviet and U.S. Defense Activities, 1966-1976*, which was delivered to Congress and to the Department of Defense. This paper will figure importantly in the annual Congressional review and debate of the U.S. defense budget. It was widely disseminated, and is available to U.S. Government officials as well as non-U.S. Government users through the Library of Congress. A more detailed, classified version was published in October 1977 to support an in-depth budgetary analysis by Congressional and DoD Staffs. A companion estimate on Soviet defense spending in rubles was presented by the DCI to the Joint Economic Committee of Congress in July 1977. A classified report presenting those estimates, *Estimated Soviet Defense Spending in Rubles: Recent Trends and Prospects*, was published in December 1977. []



TOP SECRET

Next 5 Page(s) In Document Exempt

TOP SECRET

IV. SECURITY AND COUNTERINTELLIGENCE

Chapter Summary

Progress was made in 1977 toward a more effective security program for the Intelligence Community as the entire classification system underwent an extensive review. A proposed new national policy on this subject was developed which will help restore credibility to the system. It included provision for [redacted]

revised compartmentment procedures designed to protect especially sensitive information. Paralleling this action, the number of persons granted access to compartmented intelligence has been reduced to improve protection of sensitive material. [redacted]

In the field of counterintelligence, a mechanism for developing a national policy and program was established to coordinate the activities of the five U.S. agencies engaged in this discipline. [redacted]

Security

Classification Standards

New Classification System. Progress was made in 1977 toward a more effective and balanced security program for the Community. A start in restoring credibility to the classification system was an important element. At the President's direction, that system was intensively reviewed and a proposed new national policy developed. It includes features I strongly support. It will require classifiers to consider more carefully just why it is that a particular item of information needs to be classified, and for how long. Faithful adherence to this requirement will better match classifications to the apparent sensitivity of information involved. The other side of this proposed policy is equally important in helping to make our security system more credible. Information which has no clearly identifiable need for protection would not be classifiable and would be releasable to the public in the interests of openness in government. [redacted]

Foreign Government Information. Another feature I deem of value is a proposal which provides for the classification and extended protection of information provided in confidence by foreign governments. If the Intelligence Community applies that provision consistently, cooperating foreign sources will be assured that we can and will respect confidences. [redacted]

Compartmentation. Deliberations on the classification system involved vigorous discussion of compartmentation as a means of providing supplemental protection to especially sensitive information. A constructive consensus was reached in favor of compartments provided they: are approved personally by the DCI when they bear on intelligence; satisfy tests of security requirements and of balancing the need to use it; and are subject to periodic review. I believe these procedures will better ensure that changing circumstances are reflected in our security practices, and that data which is particularly sensitive will have its protective measures kept up to date. [redacted]

Personnel/Security Accesses. In support of the principle of strict protection, I directed a reduction in the overall number of accesses to compartmented intelligence, and development of a management system to keep the number under continuing control. I believe that rigorous review of what is compartmented, and of how many people have access to the information involved, will ensure the credibility and utility of this means of protecting sensitive compartmented intelligence information. [redacted]

TOP SECRET

25X1

TOP SECRET

Approved For Release 2004/05/21 : CIA-RDP81M00980R003200100052-9

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

remain so, the Community needs credible and effective sanctions to deter abuses of trust through punishment or the threat thereof.

The Congress has in the past been asked, but has declined, to support legislation (e.g., H.R. 6234) which would criminalize the unauthorized disclosure of the broad class of intelligence sources and methods information. This is one approach to dealing with these problems. The price in security terms of prosecution under current circumstances is sometimes more than we can afford to pay—it is the old problem of having to disclose in open court additional sensitive information to prove the sensitivity of that which was leaked.

These factors, and the interests of secrecy and discipline, argue that we should make greater use of administrative measures in unauthorized disclosure cases. This is an alternative to an approach which depends on new legislation. Such

tions is obtained through use of secrecy agreements. I intend to require them of all persons under my direct authority.

Computer Security

The increasing use of sophisticated computer systems has given us new and useful capabilities

for processing, storing, and retrieving intelligence, but it has also created new security problems.

Counterintelligence

Direction

Counterintelligence, and particularly legal controls over counterintelligence investigations

25X1

25X1

25X1

of U.S. persons, has continued to be the subject of review by Congressional oversight committees and the Executive Branch. There has been in the past no national counterintelligence policy.* Counterintelligence has been the only intelligence discipline for which no national-level policy structure or interagency community exists. The new Executive Order strengthens our counterintelligence effort by establishing a coherent and coordinated national counterintelligence policy and program. At the same time it safeguards the rights of our citizens without impinging upon the effective function of this vital mission of the Intelligence Community.

The foreign counterintelligence mission of the FBI is to provide counterintelligence protection of all U.S. interests within the U.S. and includes responsibility and jurisdiction in all espionage investigations except those under military jurisdiction. The CIA is charged with counterintelligence protection of our interests abroad. The basic philosophy of the CIA and FBI is one of coordination and cooperation.

TOP SECRET

25X1

25X1

25X1

Next 1 Page(s) In Document Exempt

TOP SECRET

V. LEGALITY AND PROPRIETY OF INTELLIGENCE ACTIVITIES

Chapter Summary

Effective oversight of intelligence activities is accomplished in a number of ways within and outside of the Executive Branch. Four quarterly reports from the CIA Inspector General and General Council were forwarded to the Intelligence Oversight Board, describing over thirty matters of interest. The Board and its staff have been active in the following up on matters of particular significance. Within the Congress, most oversight activities centered in the Senate Select Committee on Intelligence, but a House Permanent Select Committee on Intelligence

was formed and will be active on oversight matters in the coming year. []

Subcommittees of the NSC Special Coordination Committee undertook a review of the adequacy of existing laws, Executive Orders, NSCIDs, and departmental directives, while the Attorney General and the Justice Department have been increasingly active in overseeing, reviewing and advising on certain intelligence activities. []

In addition to the introduction of S.1566, a "wire tap" bill establishing the first statutory authority for electronic surveillance activities, a

number of other bills impacting on the Intelligence Community were introduced during 1977. Community legislative liaison staffs are working with Congressional staffs on provisions of the proposed legislation which could adversely affect intelligence operations. []

Oversight

The Intelligence Oversight Board

The CIA Inspector General and General Counsel have submitted four quarterly reports,

THE INTELLIGENCE OVERSIGHT BOARD



Left to Right: Thomas L. Farmer, Chairman; Joseph L. Dennin, Counsel; William W. Scranton; Albert A. Gore

TOP SECRET

63

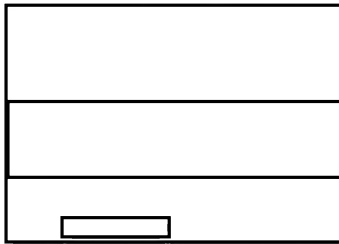
as well as special reports, on significant matters in this first full year of operation of the Board. Thirty-two matters were reported to the Board in these reports, including seven which were entirely new, fourteen which provided additional information on matters previously reported, and eleven items for information purposes, although all were not strictly matters of illegality or impropriety which would have come under the Board's jurisdiction. The Board and its staff have been active in following up matters of particular significance, and Agency representatives have met with them on a number of occasions in order to clarify or provide additional information as needed by the Board. The mode of operation of the Board and its staff and the relationship between it and the elements of the Community have become fairly well established and the concept of this type of executive oversight seems to be working well and likely to accomplish the desired purposes. []

Senate and House Intelligence Committees

Most of the activities in this area have related to the Senate Select Committee on Intelligence, inasmuch as the House Permanent Select Committee on Intelligence was just organized last year. This was the first full year of operation of the Senate Select Committee, but it has been very active and the relationship between it and the Community and its method of operation are already becoming quite well formed. []

The Committee published a report on its first year of operation in May 1977. Among its major activities have been drafts of proposed charter legislation, a first-ever bill to authorize appropriations for intelligence programs, hear-

ings on disclosure of the intelligence budget, and the first extensive Congressional effort to undertake evaluation of the quality of intelligence []



NSC Special Coordination Committee

Special efforts in this area involve subcommittees reviewing the adequacy of the existing laws, Executive Orders, NSCIDs, and departmental directives. These include review of the proposed revisions of E.O. 11652 on classification authorities, responsibilities and restrictions, as well as issues raised by the Privacy Act, the Freedom of Information Act, electronic surveillance legislation and legislation to protect intelligence sources and methods. []

Department of Justice

The Attorney General and Justice Department lawyers have been increasingly active in overseeing, reviewing and advising on certain activities of intelligence agencies. The Attorney General has been an active participant in the SCC. A number of operational matters presenting serious legal and constitutional issues have

been presented for his resolution or advice. A procedure has been created for reporting possible crimes to the Attorney General and the Community has complied meticulously without any known derogation of security or public disclosure of intelligence sources and methods. []

Strengthened Inspector General Activities

As 1977 drew to a close, the CIA Office of the Inspector General was adding and assimilating new inspectors and was in the process of recruiting several more. By late winter the Inspection Staff should have its full authorized complement of [] inspectors—roughly the number of auditors also serving under the Inspector General. As a departure from past practice, several members of the Inspection Staff will be drawn from outside the Agency, as recommended in the 1975 Rockefeller Report and the 1976 Senate and House Investigations of the CIA. []

The Inspection Program. The past year saw the inspection program changing its direction and taking on new purpose and intensity as a result of the findings of Congressional investigations and Executive Order 11905, which required quarterly reports to the Intelligence Oversight Board on matters of law and propriety. As the year began, comprehensive inspections of all four Directorates had just been completed, and during the first several months of the year most of the recommendations made in those inspection reports were carried out. []

These comprehensive inspections presaged a program of more detailed inspections of domestic activities for compliance and effec-

TOP SECRET

25X1 tiveness which was begun in September 1977.
 25X1 This program—as recommended by the Rockefeller Commission—calls for annual inspection

months of 1977 there were some 200 such cases. [redacted]

Audit Staff. Although most of the change during the year involved the Inspection Staff, the Audit Staff continued to develop its expanded audit function. Also, for the first time, there were joint efforts by the two staffs to conduct their activities in tandem. Besides these efforts and its usual audit activities, the

I am not commenting on Inspector General activities within other elements of the Intelligence Community, since my responsibilities in this regard are limited to CIA. [redacted]

Foreign Intelligence Surveillance

S.1566, commonly known as the "wiretap bill," was introduced on 18 May 1977. The DCI and other Community and Executive Branch officials have testified regarding it in public session. The House has not actively considered this legislation. While establishing the first statutory authority for electronic surveillance activities, the bill would set standards for authorizing electronic surveillance with a view to protecting the constitutional rights of individuals. This bill does not cover electronic

Ad Hoc Inspections. Research on special subjects, some of which are historical and some the result of public or press accusations or special management interest, have also been carried out by the Inspection Staff. There were 25 reports of this kind prepared during 1977.

Grievances. A separate division of the Inspection Staff was created to concentrate on grievances and complaints. Through the first ten

Other Significant Pending Legislation

S.1264, the Federal Acquisition Act of 1977 which changes Federal procurement policies, would not as currently written adversely affect intelligence activities. [redacted]

S.1845, which CIA is seeking to amend, would severely restrict the use of the polygraph. Other significant bills concern biomedical and behavior research, regulation of former Government contractors, modification of Hatch Act restrictions, and rights of representation of federal employees. The Community's legislation liaison staffs are working with Congressional staffs to assure that none of this legislation adversely or unnecessarily affects intelligence operations. [redacted]

Litigation

Litigation has become a major consideration for some elements of the Community, with particular reference to withholding information under the Freedom of Information and Privacy Acts and for civil cases involving damages for alleged violations of constitutional rights, particularly through mail opening and surveillance. Nearly 60 of the 80 cases which have been brought against the Central Intelligence Agency under the Freedom of Information and Privacy Acts are still active, with eight on appeal. In over twenty decided cases, including two finally decided on appeal, the Agency has prevailed in every dispute over its right to withhold for reasons of classification or protection of intelligence sources and methods. There are

TOP SECRET

25X1 numerous other matters in litigation, including a major case involving a claim for credit toward retirement [redacted] In addition, there are a number of cases which can be

classified as "crank" cases, as well as non-party cases involving claims of Agency knowledge, participation or support which must be refuted. Even the latter are extremely time-consuming,

and many of them present the same risks of public disclosure of intelligence sources and methods as those cases in which we are a defendant. [redacted]

25X1

25X1

VI. Public Perceptions and Attitudes

Chapter Summary

We have sought to operate on the principle that a better informed public is essential to the restoration of public confidence in the intelligence enterprise. The CIA Public Affairs Office was strengthened, an Outreach Program was devised, and increased contact with the public has resulted. We have made more unclassified studies and compilations available to the public. This new policy of openness is being undertaken with due regard for certain dangers, particularly in the area of protecting the quality of analysis and analysts themselves from the obvious pressures that increased openness could bring. []

Our dialogue with specialists in the academic world and private research concerns has broadened and intensified during the year to include conduct of special programs for civilian academicians and coordination of the expanding efforts of NFAC officers to improve their ties in academia. Formal, paid consultations are increasing and a new program of dinner symposia brings intelligence officers together with academic experts. There is also growing participation of intelligence specialists in academic and professional conferences. []

The Outreach Program

Since becoming Director of Central Intelligence, I have sought to institute what in effect constitutes a new model of American intelligence. This new model is largely based on my conviction that a better informed American public is essential to restoring confidence in this country's intelligence services. The Outreach

Program is designed to support this new concept of openness by bringing about greater public understanding of the intelligence process and the vital role of intelligence in support of the policymaker, by disseminating as much unclassified analysis as possible to provide greater public awareness and understanding of world issues, and to enhance our ability to protect and respect that information which must still be kept secret. []

My own activities have been designed to be compatible with these objectives, and I have been as candid as possible with the public during such occasions as five network television interviews, a dozen or more speeches to audiences as varied as university student bodies, Congressional interns, the Council on Foreign Relations, and St. John's Church on Lafayette Square in Washington. I have also had interviews with reporters from many different publications, including large daily newspapers, the leading weekly news magazines, the wire services and syndicated columnists, and I have encouraged other senior CIA officials to make themselves available to speak to such groups as the Brookings Institution and Sigma Delta Chi, the society of professional journalists. The CIA's senior briefer will have appeared before more than 180 outside groups by the end of this month, and other CIA employees will have spoken to approximately 80 such groups. []

We have strengthened our Public Affairs Office, which has supplied some 75 different unclassified studies to outside people and presented more than 100 unclassified briefings to newsmen. The queries which this office

receives from the media and responds to average about 80 per week. []

A tour program planned for the CIA Headquarters Building was tested through a series of trial tours for families of Agency employees and a group of Navy wives. While the response was generally favorable, the experiment also confirmed that a wide variety of logistics problems would make it impossible to conduct tours for the general public. []

Provision of Unclassified Intelligence to the Public

The Central Intelligence Agency has, over the past year and at my direction, adapted a new policy of openness which has included emphasis on making unclassified studies and compilations available to the public and looking at its classified studies with a view to issuing them in an unclassified form, if that is possible. []

CIA has, of course, been making some of its production available to the public for many years. Most of these publications dealt with the closed societies—the Soviet Union, Eastern Europe, and the Peoples Republic of China—where information access by Western scholars and the media is severely constrained. The objective throughout was to share with the academic community and other interested persons unclassified information and research results that had been developed by the Government at considerable expense and that would otherwise be unavailable to the public. []

TOP SECRET

67

25X1

25X1

25X1

25X1

25X1

25X1

25X1

[REDACTED]

The new thrust toward openness has resulted in the public release of a much larger number and range of intelligence studies, mostly on NFAC's initiative. Recent examples are: *The International Energy Situation: Outlook to 1985*; *Prospects for Soviet Oil Production*; *China: Oil Production Prospects*; *Soviet Economic Problems and Prospects*; and *China: 1977 Mid-Year Grain Outlook*. [REDACTED]

25X1 A substantial number of CIA special studies have also been published regularly at the request, and under the auspices, of the Joint Economic Committee (JEC) of the U.S. Congress, through its major periodic reports and compendia on the Soviet, East European, and Chinese economies. The most recent paper in this series is a study by the Office of Economic Research of the National Foreign Assessment Center on "Soviet Economic Problems and Prospects," published by the JEC in August 1977. I also brief the JEC in executive session every year on "The Allocation of Resources in the Soviet Union and China," and an unclassified version of that briefing is subsequently published by the Committee. [REDACTED]

25X1 CIA also published a number of research aids and statistical compilations under its own label. Examples include: the *Handbook of Economic Statistics, 1976*; *Peoples Republic of China: Timber Production and End Use*; *Peoples Republic of China: Handbook of Economic Indicators*; *Peoples Republic of China: International Trade Handbook*; *China: The Coal Industry*; *The Cuban Economy*; *A Statistical Review*; *Reconciliation of Soviet and Western Foreign Trade Statistics*; *Communist Aid to Less Developed Countries of the Free World*; and *China: Real Trends in Trade with Non-Communist Countries Since 1970*. These reports are favorably regarded by the academic and international business communities and by the media. They have earned a reputation for careful, scholarly analysis. [REDACTED]

[REDACTED]

The new policy of openness as it applies to intelligence publications obviously contains potential pitfalls, in that it places the Intelligence Community in the public arena as a participant, however limited, in public debate. If the Intelligence Community is to continue to provide objective analysis of the highest quality, its analysis and analysts must be protected from the obvious political pressures that increased participation in the public arena bring. [REDACTED]

The two key issues here are those of protecting the quality of analysis and the freedom to conduct objective analysis and reporting—essential ingredients to maintaining credibility in the eyes of the public and the press. The public will mistrust CIA and Community-wide analyses if they are perceived as methods for influencing partisan debates in support of or against certain positions or for serving certain political interests. [REDACTED]

An important consideration of credibility, we think, is the context in which intelligence is released. One proper context is when the subject matter and methods deal with substantive issues which are of continuing broad interest and are under the regular scholarly scrutiny of specialists both in and out of Government. The general status of the Soviet economy is an example. In such cases, a policy of making available on a regular basis the methods and results of intelligence analysis—

within reasonable constraints of security—will contribute to a better informed public understanding and will foster a healthy intellectual interchange among Government and non-Government researchers. [REDACTED]

The other appropriate, but far more troublesome, context concerns issues of the moment: issues that because of immediate and pressing policy considerations require special intelligence assessments that are highly focused on specific policy-related issues. [REDACTED]

In such cases the credibility of the intelligence analysis will be best served if the release can be handled in such a way it is not seen as a unilateral Intelligence Community or CIA intervention, or at the initiative of one of the advocates on the issue, but at the request of most participants in the policy process for an independent, impartial assessment. [REDACTED]

There are many additional considerations concerning the forms and limitations of open use of intelligence to which we are giving continuing thoughtful attention. The basic question is one of determining the forms and limitations of exposure and of building the understanding and skills needed for dealing with the intricacies of public debate while carefully guarding our professional competence and objectivity. We recognize that this will require a strong commitment to be forthright when intelligence does not fully support a favored policy of a major policymaker. [REDACTED]

Relations with the Academic Community

The Central Intelligence Agency's dialogue with specialists in academia and private research has broadened and intensified during the last year or so. [REDACTED]

TOP SECRET

restrictive guidelines governing relationships between faculty and staff and the Intelligence Community have been promulgated, and at other campuses long unfriendly to the Agency, there seems to be a greater willingness by faculty and students to distinguish between concern over past CIA abuses and the current realities of our work. Improvements have resulted from changing attitudes on campus, a constricted job market for scholars, and other external factors, as well as from the expansion and enhancement of our academic relations program. []

In December 1976 the position of the Academic Coordinator, which during the preceding ten years had been the part-time responsibility of one officer, was broadened and upgraded. Two full-time officers were assigned the portfolio, which was augmented to include coordination of relationships with private research centers. Later, with the formulation of the National Foreign Assessment Center, the program was additionally upgraded. Two full-time, middle management officers formed the core of the new Academic Relations Staff. They conduct independent programs, coordinate the expanding efforts of NFAC officers to improve their ties in academia, and are initiating new programs. In addition, the staff will act as the secretariat for the NFAC Senior Review Panel, the scholar-in-residence program, and other such activities. []

The Academic Relations Staff maintains regular contact with about 200 leading scholars at universities around the country. During the first ten months of 1977, 32 unclassified Agency publications on Soviet, Chinese, and Latin American subjects were mailed to a total of over a hundred experts in those fields. Approximately 40 other scholars, most of whom

are directors of university international studies programs or private research centers, receive copies of other Agency publications. The requests of approximately 70 more scholars for copies of Agency publications or information also were filled by the Academic Relations Staff between January and October 1977. []

In addition, some NFAC offices maintain their own mailing lists of scholars working in particular disciplines. The Office of Economic Research, for example, sends copies of many of its unclassified publications to over 300 economists in the private sector, two-thirds of whom are academicians. All of these efforts help to keep prestigious scholars apprised of some of the Agency's latest research and analysis and provide our analysts with expert review of their work from outside the Government. []

Outside support for our analytical efforts is provided in other ways as well. Approximately 40 scholars from universities and private research centers visited the Agency to consult with analysts under arrangements made by the Academic Relations Staff between January and October 1977. These informal, unpaid consultations were mutually rewarding in most cases. Many analysts also conduct consultations like these independently. []

Formal, paid consultations also are increasing. Research offices maintain panels of academic experts to provide continuing advice on production programs, and the Academic Relations Staff is developing a list of other scholars who will be called on to consult individually or collectively on future production. Five prominent []

like this will be a routine aspect of NFAC's expanded academic relations program. []

A new program of dinner symposia with the Director, interested Agency officers and academic experts is also managed by the Academic Coordinator. Offices make unilateral arrangements for consultations as well; through its Academic Relations Committee, the Office of Regional and Political Analysis conducts a guest speaker program under which scholars are paid to make presentations and consult with analysts for a day. []

Perhaps the clearest indication of the progress that has recently been made in improving the Agency's ties with academia is the growing participation of our specialists at academic and professional conferences. Between January and October of 1977 approximately 250 of our people attended 150 conferences, conventions, and symposia in their areas of interest. More and more of our specialists are being asked to make presentations at these affairs, and the Academic Relations Staff has helped to stimulate interest both in the Agency and among conference program chairpeople. More than 30 specialists presented scholarly papers as panelists at these meetings last year, including an entire panel made up of CIA specialists at the national []

A variety of other contacts with the academic community also are flourishing. Thirteen student and academic groups visited the Agency under NFAC/DDI auspices during the first ten months in 1977. Most were briefed by a senior official and toured the Operations Center, and some also heard substantive briefings from analysts. NFAC/DDI representatives accepted 14 invitations to speak on campuses around the country during the same time period. In all instances the visits were []

TOP SECRET

69

25X1

25X1

25X1

25X1

25X1

TOP SECRET

highly successful and uncontroversial. There might be many more campus speaking engagements by our people, except for the restrictions imposed by Agency regulations.

[REDACTED]

Relations between the Agency and private research centers and their specialists have expanded as well. The Academic Relations Staff has opened a tentative dialogue with the directors of approximately 30 "think tanks," most of them affiliated with universities, and has under consideration many others that offer competence in areas of interest to NFAC research managers. Contacts with other re-

search centers, particularly several in the Washington area, have increased markedly during the last year or so.

Other aspects of the academic relations program have been effective as well. A periodic newsletter, "Notes on Academic Relations," is circulated to all analysts in NFAC. The Academic Relations Staff composed this publication with the main objective of informing analysts of developments in Agency-academic relations, of the areas of competence of certain research centers, and of participation by our people at conferences and meetings.

CIA's Office of Training has maintained a continuing relationship with members of the academic community over a period of years. During the past year, for example, its briefing

officer participated in 18 briefings for various college student audiences.

[REDACTED]

The Information Science Center has utilized a number of scholars to review its program, present lectures, and participate in seminars.

[REDACTED]

These and other efforts now being considered are important means of keeping intelligence specialists informed of one another's outside and academic activities, as well as keeping them abreast of developments in academia that may be relevant to their own research.

Next 23 Page(s) In Document Exempt